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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA
FRESNO DIVISION

In re
CAPITAL FARMS, INC.,
Debtor.

Case No. 25-10074-A-12
Chapter 12
DCN: FW-2

**TECH AG FINANCIAL GROUP, INC.’S
RESPONSE TO MOTION FOR
AUTHORITY TO USE CASH
COLLATERAL**

Hearing Date:
Date: January 22, 2025
Time: 9:30 a.m.
Crtrm: 11, Dept. A
United States Courthouse
2500 Tulare Street
Fresno, California

Hon. Jennifer E. Niemann

**TO THE HONORABLE JENNIFER E. NIEMANN, UNITED STATES
 BANKRUPTCY JUDGE; THE DEBTOR AND ITS ATTORNEYS OF RECORD:**

Creditor Tech Ag Financial Group, Inc. (“Tech Ag”) reserves the right to object to the Motion For Authority to Use Cash Collateral (the “Motion”). The Motion fails to explain much of the background regarding the Debtor’s operations to allow a complete evaluation of the Motion. Accordingly, Tech Ag seeks illumination on the following:

- What is the relationship between the Debtor, on the one hand, and Sutter Land LLC, Sutter Enterprises, LLC, United Farm LLC, H & J Management, and Sukhwant “Shawn” Singh Gill, on the other hand?¹
 - According to Schedule G, two of the Debtor’s leases are with Sukhwant “Shawn” Singh Gill and three are with Sutter Land LLC. Dkt. 1.
 - A receiver has been appointed over the Debtor, Sutter Land LLC, Sutter Enterprises, LLC, and United Farm LLC. (Appendix of Exhibits [App’x], Exh. 1]²
- What business are the entities listed above engaged in and how does that relate to the Debtor? What is the basis of the Debtor’s \$342,000 obligation to United Farm LLC listed on Schedule E/F (styled as “United Farms Inc” in the schedule)?
 - According to allegations in a state court action, some of the Debtor’s crops may have been delivered to a crop processor in the name of United Farm LLC. (See Appx, Exh. 2, ¶ 65.)
 - Further, according to similar allegations in the same state court action, H & J Management diverted some of the Debtor’s crop proceeds. (*Id.*)

¹ It would be useful if the Debtor provided an organizational chart of the relationship between itself and these entities, and the individuals that own them.

² Tech Ag respectfully requests the Court take judicial notice of the state court pleadings attached to the Appendix pursuant to Rule 201 of the Federal Rules of Evidence. Exhibit 2 is a complaint with a voluminous set of exhibits. The internal exhibits to the complaint have been excluded for the sake of brevity.

- The budget for the Motion is not very clear on what payments are going to whom. Of the entities and the individual in the first bullet point above, what payments in the budget are proposed to be made to those entities and/or the individual?
 - Are the payments to Sutter Land LLC going to made to its receiver?
 - What assurances are there that the rent payments made for the Sutter Land LLC leases will go to the applicable obligations secured by that same real property owned by Sutter Land LLC to avoid the leases being foreclosed out by the landlord's lender(s)?
 - Is Sutter Land LLC in default to any of its real estate secured lenders, other than Rabo AgriFinance LLC?
 - Are any of the other landlords in default to their real estate secured lenders?
 - Is there an SNDA with the landlords' lenders for each lease?
- According to paragraph 4 of the Sukhwant "Shawn" Singh Gill declaration in support of the Motion, the Debtor has "significant assets" in Fresno, Sutter, Placer, Madera, Glenn, and Colusa Counties. Per Schedule A/B, the Debtor owns no real property. Schedule G only discloses real property leases for Fresno, Sutter, and Placer Counties. What assets of significance are located in Madera, Glenn, and Colusa Counties?
- According to Schedule G, the Debtor intends to cure and assume all leases.
 - Is the Debtor in default on any of the leases?
 - What is the rent owed under each lease and when does it come due?
 - What is the Debtor's estimate of the amount to cure each lease?³
- What crop payments or advances were made by the Debtor's crop processors from January 1, 2024 through January 12, 2025, and who received them?

³ Providing a schedule of the leases, the landlord for each lease, the rent reserved under each lease, when the rent comes due, and the estimated cure amounts would be beneficial.

➤ Schedule D shows that the crop processor, T.M. Duche Nut Co., is owed \$500,000.

- Are United Farm LLC or H & J Management currently in possession of any crop proceeds that belong to the Debtor?

Until adequate responses are received on the foregoing, Tech Ag suggests the Court allow cash collateral use on a limited basis, subject to:

- (a) Weekly cash collateral budget for a 13-week period, not a monthly budget;
- (b) Weekly variance reports;
- (c) Budget line item variations of only 10%;
- (d) No insider, affiliate, or lease payments until the next hearing can be held;
- (e) Post-petition replacement liens to the secured creditors to the same extent, validity, and priority of their pre-petition liens;
- (f) Access to bank account records for any secured creditor who may be interested in them;⁴ and
- (f) Other such relief as the Court may order.

DATED: January 17, 2025

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By: /s/ Michael J. Gomez

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⁴ At the January 16, 2025 initial hearing, it was suggested that what may have spurred this bankruptcy filing was a refusal to provide access to bank account records.